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***Marquette's Affordable Housing Program, Inc.***  
***316 Pine Street***  
***Marquette, MI. 49855***

**RECEIVED**  
SEP 19 2007  
MSHDA-Legal

September 11, 2007

Ms. Mary Levine, Acting Director of Legal Affairs  
Michigan State Housing Development Authority  
735 E. Michigan Avenue  
Lansing, MI. 48909

Dear Ms. Levine:

RE: Draft Qualified Allocation Plan

We are deeply concerned by the drafted 2008-2009 Qualified Allocation Plan (QAP) proposed by the Michigan State Housing Development Authority (MSHDA). The draft QAP should not be adopted by the MSHDA Board or approved by the Governor without significant revision and, until an acceptable plan can be put forward, MSHDA should immediately schedule an October tax credit round using the current QAP. The draft QAP represents initiatives that are crippling the production of affordable housing in Michigan, straining MSHDA's financial and human resources, pushing tax credit investors and federal resources to other states. This is not in the best interest of the State of Michigan in so many ways.

The draft purports to exempt MSHDA, a public and corporate body of the state of Michigan, from its responsibilities under the Freedom of Information Act. MSHDA needs to be transparent, to give the public the opportunity to review and comment on proposals that can significantly impact their communities.

MSHDA's decision to eliminate preservation incentives and expand supportive housing requirements under the draft QAP will make it more difficult to attract investment capital to Michigan tax credit projects. Also, despite the realities of the Michigan rental market and a national trend to preserve existing housing rather than create new, preservation is no longer a priority in Michigan under the draft QAP. As a result, thousands of assisted units are in jeopardy of being lost to the conventional market and valuable Section 8 subsidies from the federal government are in jeopardy of being reprogrammed to other states. What a travesty for Michigan that would be. Where will the people go who already reside in those properties and have limited resources, who need the subsidies in order to live in safe housing that they can afford? It would seem that this very act could

result in causing homelessness for many at a time when MSHDA has been working hard with every community in Michigan through their Ten Year Plan to End Homelessness.

The National Association of Homebuilders completed a recent study concluding that deeply targeted rental units like those mandated by the draft QAP are not financially feasible without deep rental subsidies. There are no new federal or state rental subsidies identified in the draft QAP.

Why would MSHDA draft QAP mandates for extended use commitment of 90 years since the 90 year commitment is disproportionate to the 10 years of tax credit received by the development and exceeds the useful life standard for housing developments in MSHDA's direct lending programs by 40 years? This looks like the intent would be to prevent any applications being submitted in the first place. It is unrealistic to mandate a 90 year commitment.

I find it interesting that no public hearings are scheduled for the Upper Peninsula. At least one should have been scheduled for that part of the state, we are as important and in need of affordable housing as is the lower Peninsula.

MSHDA's failure to develop a consensus plan should not be used as a reason to delay either the production of affordable housing or the economic benefits of the LIHTC program to the Michigan economy. While such a plan is being developed, MSHDA should schedule an October tax credit round using the current QAP which, by some estimates, could generate as much as \$400,000,000 for the Michigan economy.

I request that my letter be posted on your Web site along with others submitted.

Sincerely,  
Marquette's Affordable Housing Program, Inc.

A handwritten signature in cursive script that reads "Bonnie J. Pelto".

Bonnie J. Pelto  
Executive Director

cc: Honorable Jennifer M. Granholm  
Bernie Gliberman, Chairman, MSHDA Board  
State Senator Mike Prusi  
State Representative Steve Lindberg